

Additional Data and Alternative Approaches Provided by Another Compensation Consulting Firm

- Frederic W. Cook & Co., Inc., Valued the CEO Award using Three Different Approaches:
 - Direct Translation of the Cerulean Transaction
 - Comparison to Other CEO transaction-related Bonuses in Companies Outside the Healthcare Industry
 - Comparison to Stock Option Gains of CEO's in Similarly-sized, Publicly-held Companies
- The Average of the Three Approaches is Consistent with Hay Recommendation (\$8.1 million + \$6.0 million + \$8.4 million = \$7.5 million average).

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Equity-Based Compensation Comparative Transactions

- 13 Health Care Mergers from 1996 to 2001
- Range in Transactions from \$200 million to \$2.2 billion
- Median Compensation as a % of Transaction Paid to Executive Officers (Including CEO) - 2.38% (Range Generally from 0.33% to 4.50%)
- Median Compensation as a % of Transaction Paid to CEO - 0.88% (Range Generally from 0.19% to 3.63%)

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Adjustment for Private Company

- All 13 Transactions involved Public Companies
- A Reduction Factor of 20% is Commonly Used for a Private Company like CareFirst
- Median Compensation Reduces to 1.90% for Executive Officers (Including CEO)
- Median Compensation Reduces to 0.70% for CEO

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Comparison With Cerulean Companies, Inc.

- For a \$1.0 billion Transaction:
 - Executive Officers (Including CEO) Receive \$19.0 million (Cerulean Received \$17.9 million, for a \$700 million Transaction)
 - CEO Receives \$7.0 million (Cerulean Received \$6.6 million, for a \$700 million Transaction)

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